

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JUNE 15, 2004

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Steven Slovensky, Legal Counsel; Randall Avery, Deputy Chief of Enforcement; Peter Engel, Director of Store Operations; Tom Chagnon, Assistant Director of Information Technology; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Business Supervisor, Administrator Services. Guests: Al Picconi, United Beverages, Inc.

EXCUSED: Howard Roundy, Director of Information Technology.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The weekly sales comparison for the week ending June 12, 2005 shows sales increased by almost 6% or \$429,241, as they also did year-to-date by 6.4% or \$22,633,353.

B. Budget/Administrative Reports:

OIT is preparing to present three workshops on agency strategic IT plans which are designed to identify individual agency business trends over the next few years. All three of our bureau chiefs are invited to attend. Craig will be attending the workshop to be held at the Brown Building on June 22 from 2:00 to 4:00 p.m.

All manufacturer's representatives involved in the Concord warehouse project have been contacted and encouraged to present their findings to Craig in writing. It appears all of them will submit replacement racking recommendations. Craig hopes to have some written reports by next week, which he will then forward to the Commission.

Craig is hoping to hear something today regarding the waiver for a store manager's position and a maintenance position which are currently over at the Governor's office.

There are only a couple weeks left in the budget, with only one pay period left. There are some salary monies available for the lapse at the end of the year. The biggest concern continues to be utilities. George feels all of the other accounts will be all right.

2. IT Report

IT will be meeting with CBE Technologies later today to discuss logistics regarding the Liquor Store POS Equipment Support Contract.

IT equipment that is currently being stored on the roof of the warehouse offices will be removed by the end of this week.

The 56k FRAD data circuit is to be installed in the new Keene location by Verizon on Tuesday, June 21st. The internal store wiring was completed on Friday, June 10th. Verizon will not write the order for a circuit to be built until all internal wiring is fully in place. It then takes ten business days before a circuit will be installed and tested by Verizon. The date of June 21st that Verizon has given for installation is seven business days after the internal store wiring is completed.

3. Human Resources Report

There was a Safety Committee meeting on June 9th regarding the action plan for stores. Store employees need to receive more extensive instruction on moving product. Evie and Peter will be bringing interns in for further training.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 6/12/05 were up 5.66%. The new Center Harbor store produced almost \$22,000; as a result, sales at the Meredith store are slightly down.

The sidewalks are being put in at the new Keene location today. In addition, the majority of the shelving installation and captioning will also be completed today. The final coat for paving is scheduled to be laid tomorrow. The flooring is finished, and the first sign was put up yesterday.

2. Purchasing Report

Kathleen Hass and Rick Gerrish are working with Horizon Beverage Company to move Jack Daniels Single Barrel to the stores that need it.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (10 Cane Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Moet Hennessy for a new test market listing for 10 Cane Rum, 750ML size (assigned new Code #4862), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Famous Grouse Malt Whisky):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Remy Amerique, Inc. for a new test market listing for Famous Grouse 12-Year Old Vatted Malt Whisky, 750ML size (assigned new Code #1643), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Coruba Dark Jamaica Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Brown-Forman Corporation for a new test market listing for Coruba Dark Jamaica Rum, 750ML size (assigned new Code #174), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Request (Appleton White Jamaica Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Brown-Forman Corporation for a new test market listing for Appleton White Jamaica Rum, 750ML size (assigned new Code #8655), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Test Market Request (Don Eduardo Reposado Tequila):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Brown-Forman Corporation for a new test market listing for Don Eduardo Reposado Tequila, 750ML size (assigned new Code #3717), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Test Market Result (Codes #5215 and #5504):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of Code #5215, Arrow Anisette, 750ML size and Code #5504, Amaretto di Amore, 1.75L size, each of which failed to earn their respective gross profits required for both full distribution and specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) August Price Increases:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve price increases effective for the quarterly August 2005 price change for the following 3 “Hot Brand” spirit products: Code #3876, Smirnoff Vodka, 1.75L size; Code #2432, Crown Royal, 1750ML size; and Code #4243, Bacardi Light, 1.75L size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) August Special Offers:

a. 5 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of five (5) spirit items, to be featured on sale during August 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 1 item – M.S. Walker NH:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that a special offer submitted by M.S. Walker NH, based upon depletions of one (1) spirit item be tabled, pending further information from the broker. The motion was unanimously adopted.

- c. 8 items (unmatched) – M.S. Walker NH:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker NH, based upon depletions, without matching state funds, for eight (8) spirit items, to be featured on sale during August 2005, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 54 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions for fifty-four (54) spirit items, including eight (8) items re-submitted as revised, to be featured on sale during August 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 28 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions for twenty-eight (28) spirit items, including four (4) items re-submitted as revised, to be featured on sale during August 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 74 items (unmatched) – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions, without matching state funds, for seventy-four (74) spirit items, to be featured on sale during August 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for August 2005 (30 items – E & J Gallo Winery):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from E & J Gallo Winery, based upon depletions for thirty (30) wine items, to be featured on sale during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Purchase & Display Francis Ford Coppola Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc., for the Commission to purchase and display three (3) Francis Ford Coppola wine products during August and September 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Results of the Purchase & Display of Twin Fin:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of absolutes in 14 selected stores on four Twin Fin wine products, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Terrazas & Casa Lapostelle Special Purchase & Display Program:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that a special purchase offer and display program from United Beverages, Inc. on 5 Terrazas and Casa Lapostelle wine products be tabled pending further information from the supplier. The motion was unanimously adopted.

5) “The French Connection” Promotion:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Diageo Chateau & Estates and Moet Hennessey to conduct “The French Connection” program featuring 9 wine codes during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Close Outs:

a. 16 items – M.S. Walker:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close-out pricing for 16 previously delisted wines represented by M.S. Walker NH, including stock floor depletions, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 22 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close-out pricing for 22 previously delisted wines represented by Horizon Beverage Company, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 7 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close-out pricing for 7 previously delisted wines represented by Horizon Beverage Company, including stock floor depletions, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Recommended for Second Size (3 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve 3 wine codes represented by M.S. Walker NH for second sizes, with absolutes to be placed in all Cluster 1 stores and 6 Cluster 2 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Recommended Allocated Wines for Distribution to Selected Stores (11 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve 11 allocated wine codes for distribution to

selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 9) Primary Source Submissions (1 item – primary source; 10 items – exclusive agent; 14 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of 1 wine code which is from primary source, 10 wine codes which are offered by the exclusive marketing agent, and 14 wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated June 9 through June 15, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:

- a. Recommended Store Openings – Monday, July 4, 2005, Independence Day:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve store openings, hours of operation and staffing for the retail stores on Independence Day, Monday, July 4, 2005, as recommended by Peter Engel, Director of Store Operations. The motion was unanimously adopted.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

/D. Hartford

Patricia T. Russell, Commissioner

